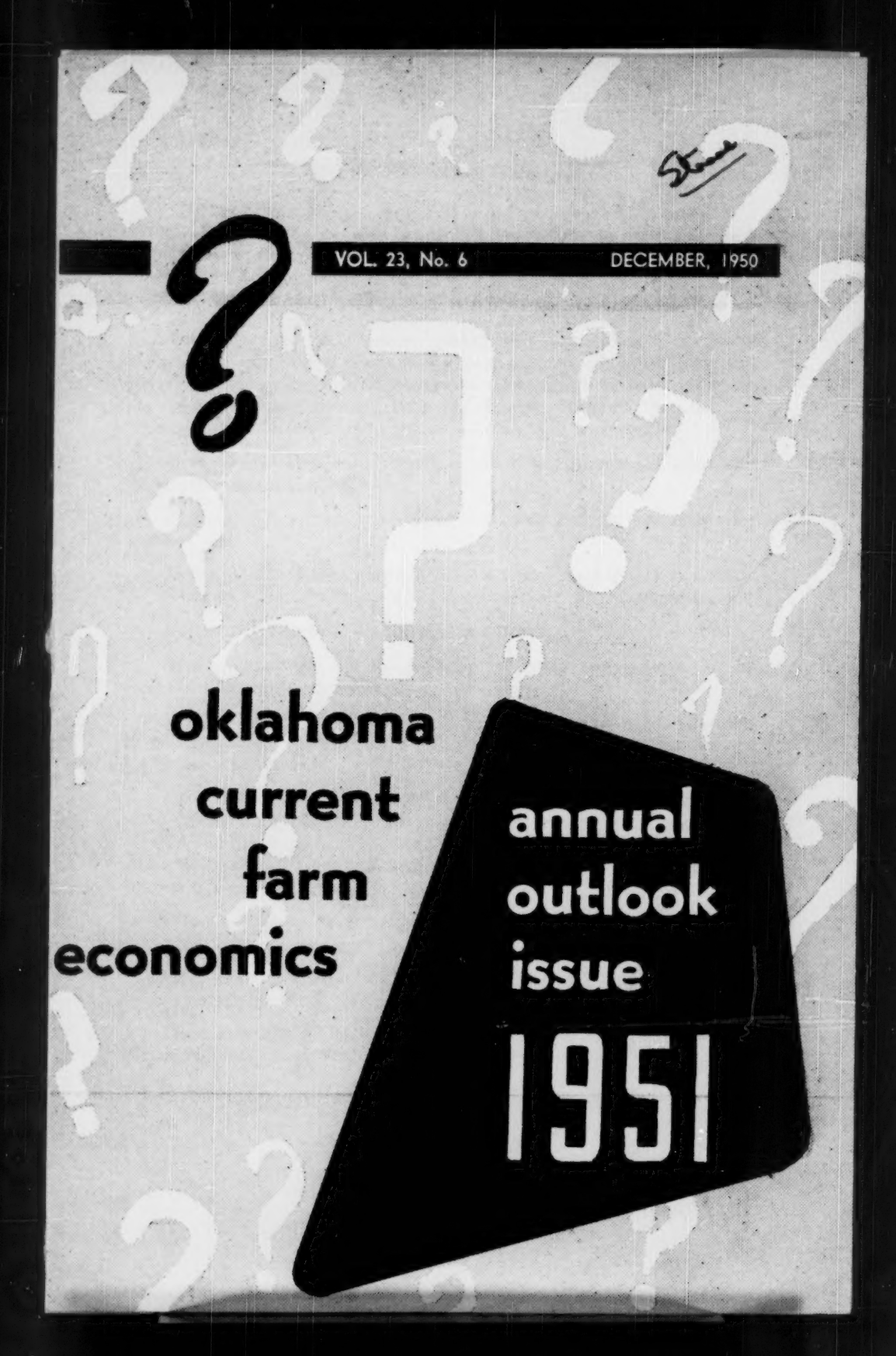
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Outlook Summary for 1951

(EDITOR'S NOTE: Below is a condensation of the situation reports appearing in this issue. The complete analyses provide full information on the agricultural outlook for 1951 as seen by Oklahoma Agricultural Experiment Station and Extension Division economists.)

General.—Greatly increased government expenditures; increased controls on production of civilian goods; more taxes; tight labor supply; wage and price controls; increased construction activity, especially for industrial and defense purposes; higher personal incomes, but higher prices are not likely to allow real incomes to increase.

Beef Cattle.—Demand to continue high, but increased supply may keep prices from sky-rocketing.

Hogs.—At least moderate price increases and favorable feeding ratios.

Dairy.—Outlook for dairymen is good with higher prices as a result of increased demand from the expected increase in consumer income.

Sheep and Lambs.—Continued high prices.

Wool.—Expanded demand relative to world supply may be expected to strengthen wool prices.

Poultry and Eggs.—Outlook is unfavorable for next year in spite of relatively high current prices. Little chance that egg-feed ratio will be better than in 1950.

Cotton.—Acute shortages at least until the 1951 crop becomes available; prices high compared to recent years which may cause excess planting in some cases. However, scarcity of labor, insecticides, fertilizers, and cotton harvesting machines may prevent the production and harvesting of adequate supplies of cotton in 1951.

Wheat.—Apparently an ample supply with prices staying close to support levels.

Feed.—Adequate supplies, but stronger demand may cause prices to average higher next year.

Fruits and Vegetables.—Some increase in supply, but increased buying power will strengthen prices.

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L. A. PARCHER, Editor | PETER NELSON, Dept. Head

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DIVISION OF AGRICULTURE
Oklahoma A. & M. College, Stillwater

Oklahoma Agricultural
Experiment Station
W. L. Blizzard, Director
Louis E. Hawkins, Vice Director

Oklahoma Agricultural
Extension Service
County Agent Work;
Shawnee Brown, Director

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The Agricultural Situation: Outlook for 1951

GENERAL

Demand and Price

About this time each year it is necessary to view and reappraise the general economic situation, and to point out those happenings which are most likely to alter or affect the general demand conditions during the next year and the following years. For 1951, the most uncertain and perhaps the most important factor which should be considered is the role of governmental spending in our economy. Consequently, it is necessary first to make certain assumptions regarding the height to which defense and armament expenditures will ascend and, second, to analyze the effects of this governmental spending on the economy.

At the present time, the extreme fluidity and uncertainty surrounding the nature, extent, and length of the world conflict renders any decision on the assumptions subject to modification. Even the prospects on the outcome of the Korean conflict changes overnight from dismal to bright and then from bright to dismal. Apparently, only the aggressor nations know when, where, and how they will proceed in their conquest for world power.

In view of this uncertainty, three alternative assumptions affecting governmental expenditures are posed. They are (1) a third major war is not inevitable, but conflicts similar in type and scope to that in Korea will spring up intermittently over the world during the next few years, (2) a third major war is inevitable and is shaping up at the present time, or (3) there is little likelihood of a third major war. No one knows which of these assumptions will approach reality over the next few years. However, at the present time it appears that the last assumption represents wishful thinking, and that either the first or second assumption or some point between the first and second assumptions is more realistic. The possible effects under both the first and second assumptions will be considered alternatively as guides for discussing the general outlook.

First, consider the assumption that World War III is not inevitable, but that international tension and sporadic conflicts will continue to break out. Under this assumption, governmental expenditures for armament and defense would not be as large as would be realized under wartime conditions, but would be high and might range between 30 and 60 billion dollars annually over a period possibly as long as 10 years.

Under this policy, governmental spending would have quite a different effect on the domestic economy from that experienced during

World War II or from that which would be effective if World War III began. Tanks, planes, and armament produced in 1951 and 1952 would become obsolete by 1960. The primary emphasis in armament expenditures would not necessarily be on accumulation of the final products but would be on stockpiling strategic materials, developing new and better techniques of production, developing and improving the design and efficiency of military equipment, and keeping up to date a minimum amount of military necessities.

The procurement of these military needs would put a strain on our already high level of productive activity. That is, all the goods and services which would be needed could not be obtained by increased productivity over and above domestic needs. At least a part of the production for domestic needs must be diverted to the production of military goods. This would mean that controls on the utilization of the resources must be imposed on the economic system.

Some of these controls are already effective. Credit curbs such as larger down payments and fewer months allowed for payment are effective for many consumer durable and semi-durable goods. Government controls on the use of some of the more basic raw materials such as rubber have been placed into effect, and this list of essential raw materials under government control likely would be expanded. Taxes, especially income taxes, have been increased and probably would be increased further. In all probability more controls of this less direct nature would be placed into effect as the influence of larger armament spending is experienced later in 1951. It would be expected that inflation would take place in spite of these indirect controls, and it might be sufficiently strong during 1951 to justify the imposition of direct wage and price controls. However, this decision would be made on the basis of the extent of the inflation and determined primarily by the speed and intensity of the armament program.

Next, consider the assumption that World War III is inevitable and is shaping up at the present time. Although the people of the United States and of Oklahoma sincerely hope that this condition can be forestalled, it is a very real possibility. Consequently, it is necessary to consider the effects that World War III would have on the domestic economy.

Under this assumption the needs of the government would be extremely high, and the government would get what it wanted. The most important needs would be immediate procurement of large quantities of armament goods. In order to direct the resource use into the production of those military goods, drastic controls would be needed. In all probability all the controls in effect during World War II would be imposed on the economy and, in addition, many other controls would

be added. The payment for these goods and services would come from deficit financing and from higher personal and corporation taxes. The inflationary pressures would increase and would be so strong that a patriotic appeal would be made for the sale of War Bonds. If these sales were not sufficient to finance the war effort, it is probable that some system of forced savings would become effective.

The effects of governmental spending under these two assumptions have been described briefly, and an important question arises: Which one of these assumptions should be used as a basis for planning operations for 1951?

In view of the current world strife, the first assumption should be considered as a minimum and the second assumption should be considered as a maximum of governmental activity. Actual operations of the economy probably will be somewhere between these limits and will approach either one extreme or the other depending upon future developments in the international situation. The timing and intensity of governmental needs and expenditures will vary, and it is probable that they will be great enough during 1951 to warrant mobilization of a substantially larger part of our economy than now exists. In other words, current planning for 1951 should be based upon partial mobilization, and upon a continuation of the present world conflict over the next few years with the realization that total war mobilization could be thrust upon the economy at any time.

On this basis, rising personal income and declining production for domestic consumption will lead to excess buying power and thus to inflation. If the instigation of politically feasible controls does not permit taxation—which will siphon off this excess buying power—the individual may want to consider making investments which keep somewhat in line with the price level. Any thought of conversion or change from savings to investments should be made with caution. It must be remembered that conversions do not warrant indiscriminate purchases of all types of goods, because an individual could be hurt more by wild buying than by inflation. Either purchases which heavily involve the individual in indebtedness or purchases of the wrong items could be disastrous. This is a very real problem, and if an individual's dollar income does not fluctuate directly with the degree of inflation his problem is even more accentuated.

In light of the considerations of the effects of governmental spending on the economy, it might be well to look at the outlook through specific economic indicators. They show very vividly the high level of economic activity and give an indication of the strain which increased governmental activity will place upon the economy.

INDUSTRIAL PRODUCTION.—The index of industrial production has

increased substantially during 1950.* Most of the rise during the last half of the year is attributable to increases in the heavy durable goods industries which include materials for armament. The index of industrial production will increase further in 1951; however, the largest change will be in the types of production. Some of the production for armament will be substituted for production for domestic needs.

CONSTRUCTION ACTIVITY.—After reversing a downward trend early in the year, private outlays for new construction were at a record high during the third quarter of 1950. Residential construction, state and federal building programs, and commercial building contributed to the increase. The outlook for certain types of construction activity during 1951 is not so bright. Building materials are in relatively short supply, and the credit curbs and controls on residential building will decrease this portion of construction activity. However, the need for larger productive capacity will increase the outlays made by industry for construction. Thus, total construction activity probably will increase somewhat in 1951.

EMPLOYMENT.—Total civilian employment late in 1950 was above 61 million persons, and unemployment was below 2.5 million persons. Employment was higher and unemployment was lower than during the same period last year. Assuming that the armed forces will be no larger than 3 to 5 million men, employment may remain about the same or decrease slightly, but unemployment should decrease to approximately 1.5 million persons during 1951. This means that the labor supply will be tight in 1951, because at least 4 to 5 million persons will be employed directly in defense production. In other words, it is probable that at least one million persons will be shifted from the production of domestic goods to the production of defense goods. In the event that this shift is rapid then the tight labor supply will be even more accentuated.

PERSONAL INCOME.—Total personal income during the last half of 1950 was at an annual rate of from 220 to 230 billion dollars. This is approximately 20 billion dollars higher than in the same period of 1949. With the new round of wage increases becoming effective, and with some wage rates tied to a rising cost of living index, total personal income will be higher in 1951 in spite of actual and prospective increased personal income taxes.

Price

The demand for agricultural products will be strong during 1951 in response to the high level of activity in the economy. During the second quarter of the year, the gradual strengthening of all segments of

* *The Demand and Price Situation*, U.S.D.A., B.A.E., October, 1950.

demand was turning prices upward. With the outbreak of the Korean conflict, heavy buying of all types of goods caused prices to increase further. This heavy buying has been curtailed, but prices have continued gradually upward in line with higher costs.

The index of prices received by United States farmers increased 8 points from October to 276 percent of the 1910-14 average in November, 1950.* This is 39 points higher than in the same month a year ago, but is substantially lower than the record high of 306 percent in January, 1948. The index of prices paid by farmers including interest, taxes and farm wage rates increased 2 points to 263 percent of the 1910-14 average. This is the record high for this index series.

Since the index of prices received by farmers increased more than the index of prices paid by farmers, the parity ratio increased from 103 in October to 105 in November. This compares with a parity ratio of 97 in November, 1949.

The November 15 index of prices received by Oklahoma farmers increased almost 5 percent to 318 percent of the 1910-14 average (Table 1). The unrevised index of prices paid by farmers (excluding interest, taxes and wages) increased less than 1 percent to 271 percent of the 1910-14 average. This resulted in a parity ratio of 117 for Oklahoma commodities.

All commodity groups contributed to the increase in prices received by Oklahoma farmers. However, the two groups, cotton and cottonseed, and chickens and eggs, caused most of the change in the "all commodity" index. The remainder of the groups increased in price only moderately.

As compared with November, 1949, the index of prices received by Oklahoma farmers has increased 29 percent. By commodity groups wide variations are evident. Cotton and cottonseed with an increase of 56 percent was by far the largest increase of any commodity group. Meat animals were substantially higher while grains and dairy products were somewhat higher. Only the prices of miscellaneous crops and chickens and eggs were lower than a year ago.

Income

UNITED STATES.--Substantially higher prices beginning at mid-year have modified gross income estimates for the year 1950.** It is now expected that 1950 gross income will be approximately 31.8 billion dollars, which is about the same as in 1949. However, higher production costs will still cause net farm income to decline approximately 5 to 6 percent from 1949.

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* *Agricultural Prices*, U.S.D.A., B.A.E., November, 1950, p. 1.

** *The Farm Income Situation*, U.S.D.A., B.A.E., September, 1950.

TABLE I.—PERCENTAGE CHANGES IN NOVEMBER PRICES FROM PRICES IN SELECTED MONTHS BY COMMODITY GROUPS: Oklahoma.

Commodity Groups	From November 1949	From October 1950
All commodities	+ 29.3	+ 4.6
Total crops	+ 37.7	+ 6.2
Grains	+ 5.2	+ 0.9
Cotton and cottonseed	+ 56.0	+ 8.1
Miscellaneous crops	— 1.1	+ 3.6
Total Livestock and Livestock Products	+ 15.3	+ 1.8
Meat animals	+ 24.6	+ 1.2
Dairy products	+ 3.0	+ 1.7
Chickens and eggs	— 9.8	+ 8.3

In 1951, gross farm income is expected to be as much as 35.2 billion dollars. This represents an increase of about 10 percent over 1950. This increase in gross farm income will be caused by higher prices and larger production.

Since farm production expenses change relatively slower than farm income, it is expected that production expenses may be up only about 5 to 6 percent in 1951 over 1950. This would mean that net farm income could increase from 13.5 billion in 1950 to 15.5 billion dollars in 1951—an increase of 15 percent. However, the degree of inflation will determine to what extent the purchasing power of those dollars will change.

OKLAHOMA.—The changes in gross and net farm income in Oklahoma are expected to follow similar changes to those on the national level. Cotton and wheat acreage probably will be expanded in 1951, and livestock production may be higher. Larger production, along with higher prices, probably will cause Oklahoma gross farm income to increase more than the national increase of 10 percent and may double this percentage increase. This would mean that net farm incomes in Oklahoma would be substantially higher in 1951 than in the relatively short crop year of 1950.—*Leo V. Blakley.*

CROPS

Cotton

The supply of American cotton is the shortest, relative to the demand for it, that it has been since the Civil War period. Evidence

of this acute shortage is seen in current prices, export restrictions and the goal of 16,000,000 bales set up for 1951 together with the concern reported among U. S. Department of Agriculture officials and others regarding adequate cotton production.

"On the basis of the 1940-49 average yields of cotton lint per acre, over 29 million acres of cotton in cultivation July 1 would be necessary to produce the 16 million bales suggested by the Secretary as a desirable output next year. This acreage compares to 19.0 million acres in cultivation last July 1 and the postwar high of 27.7 million acres July 1, 1949."* Yet less than a year ago cotton was generally considered to be a problem commodity because it was in burdensome surplus. Furthermore, it is conceivable that cotton may be considered to be in a surplus a year from now (or in December, 1951).

American cotton now faces two dangers. If either too little or too much is produced, one of these dangers will be encountered. At present the danger of producing too much seems rather remote. The danger of producing too little is closer and just as real. If too little cotton is produced, difficulties will arise in supplying civilian and military needs and export sales will be lost. Furthermore, if the shortage becomes very severe, synthetic manufacturers will request and likely obtain machinery, etc., needed to expand the production of synthetic fibers.

"Too little" or "too much" cotton needs to be re-defined or reinterpreted, however, rather than making direct comparisons with past production and consumption. Both American and foreign population increases, rising standards of living, and war are involved in the current demand.

There have been some indications that price controls and/or rationing may be applied to cotton and/or cotton products. Such application likely will be rather complicated and include numerous disadvantages, along with whatever advantages that may be obtained. However, they are not ruled out yet.

Foreign cotton production, to be harvested in the 1951-52 season, now seems likely to increase slightly. Some foreign countries will restrict cotton in favor of food, as in Egypt, and in others alternative enterprises seem more favorable, as coffee in Brazil.

In the United States, a number of factors may restrict production in 1951. Among these are the following: (1) Short supplies of planting seed of the varieties preferred and, in limited cases, possibly any suitable cottonseed; (2) short supplies of fertilizer and equipment for

* B.A.E., U.S.D.A., *"The Fats and Oil Situation,"* October, 1950, p. 7.

its distribution; (3) labor shortages for chopping and *especially for harvesting;* (4) inadequate insecticides; (5) possible inadequate numbers of cotton harvesting machines, especially cotton strippers for Western Oklahoma and Northwestern Texas; (6) prices of alternative products, and (7) shifts toward livestock, dairy and alternative crops caused by the cotton restrictions applied in 1950. In spite of these restrictions, cotton may be among the commodities leading the parade in production, not only of "guns" but of "butter."

Gin operators, oil mills and others interested in cotton and cottonseed may be able to supply enough cottonseed for the expanded acreage, but in many cases the varieties and breeding of the seed supplied will not be what the farmers prefer. Early purchases of adequate, but *only* adequate supplies of planting seed appear desirable from the individual farmer's viewpoint, when they must be purchased. The use of fertilizer on cotton likely will reach a new high in 1951, but the supplies may not meet the demand. Fertilizer distribution equipment may not be available in the quantity demanded or needed.

More labor probably will be needed for chopping the expanded cotton acreage but defense plants, other off-farm work, and the draft may materially reduce the amount of labor available. A shortage of labor is very likely to develop by next fall for the harvesting of cotton, and that shortage may become very acute. Supplies of insecticides may or may not become seriously inadequate, depending largely on the weather and on the extent to which farmers buy and store insecticides before serious insect infestations develop, and on the amounts produced and sales methods employed by the manufacturers. Farmers may find it desirable individually to buy and store adequate, but only adequate insecticides as an insurance measure for handling part of the potential insect outbreaks. This will cause difficulties to other farmers or other areas, unless production is adequate to cover all demands. Excessive purchases will cause losses, make the problem more acute and likely bring on governmental controls sooner. This also applies to strippers.

Some cotton farmers in Western Oklahoma and Northwest Texas may find the immediate purchase or order of a cotton stripper a profitable action that will also reduce their risks from probable labor shortages. A somewhat similar reasoning applies to cotton picking machines in areas where they are adapted.

While current prices of cotton are considered by many to be high or even too high, actually the changed relationships brought about by the much greater degree of mechanization and reductions of labor now existing on other crop and livestock enterprises may mean cotton prices are still low. On the other hand, excessive production of cotton conceivably could lower cotton and cottonseed prices to the support level.

The U. S. Department of Agriculture recently announced it will support cotton at 90 percent of the August 1, 1951, parity price. At recent parity price levels that would mean a basic support price of 28.68 cents. However, it now appears that prices will rise materially by next August, and this rate of support will then probably be slightly over 30 cents. Furthermore, the next session of Congress may raise the rate of support in view of the present acute shortage and the critical results that could follow a short, 1951 crop.

The 1951 acreage will be used in calculations of future cotton acreages under present laws. Its effect will vary between farms, and the Production Marketing Administration may be consulted on the way the present law will affect a given farm. Congress may also change present allotment laws.

The market price probably will exceed the support price, unless an extremely large crop is produced and *harvested*. While ceiling prices are a possibility, indirect measures such as export limitations seem more likely. Direct or indirect ceilings may prevent the production of adequate supplies, however, because the present relationships of cotton and other enterprises are not at the same ratio as past statistics would seem to indicate. And farmers who exercise caution may not see how exceedingly large acreages can be harvested. Also, the shifts toward more livestock and to some other crops, such as Bermuda grass pastures, retard or prevent a rapid reversal to large acreages of cotton on some farms. This factor may be of more significance than yet recognized.

It seems unfortunate in several respects that the laws now in effect prevent the B.A.E. Crop Reporting Board from making an "intention to plant" survey for cotton while such surveys are required for most major crops. If an "intention to plant" survey were to be made legal and required, additional effort could be directed toward removing the "bottlenecks" in case the intended acreage appeared too small (or discourage excessive production), and the manufacturers of fertilizers, insecticides, and cotton harvesting machinery would have a better basis for determining the amounts they need to produce.

The statistics on American cotton: The carryover on August 1, 1950, amounted to about 6,800,000 bales. The 1950-51 crop was estimated at 9,884,000 bales on December 8, 1950. Imports are expected to be about 200,000 bales. This makes a total supply of about 16,884,000 bales. The domestic consumption is commonly being estimated at 10,000,000 bales but may be 10,300,000 to 11,000,000 bales. Current limitations provide for exports of about 2,000,000 bales less than last season, but the demand is apparently greater than last season, when about 5,800,000 bales were exported. Consequently, the carryover on

August 1, 1951, will be at a bare minimum unless that is prevented by export restrictions, or by some major unforseen event.

Unless an "intention to plant" survey of cotton is made legal and required of the Crop Reporting Board, even greater difficulties may develop in coordinating the 1951 production with the corresponding demand. Consequently, there may be a period next spring or summer when cotton prices rise very high.—*John D. Campbell.*

Miscellaneous Crops

VEGETABLES.—Higher prices are expected for most vegetables in 1951.

The prospect of a stronger market probably will encourage some increase in acreage, except for those crops for which very low prices were received in 1950.

Commercial canners probably will want larger acreages and packs of most vegetables this year because of increased military requirements.

There will be no price supports for 1951 potatoes. Unless the 1951 acreage is reduced more than expected, prices will be very low to farmers.

FRUITS.—A larger production of fruit seems likely in 1951; however, a stronger demand is also expected. The 1951 fruit prices should, therefore, average as high as 1950 prices.

The demand for canned and dried fruits will be expanded to meet military requirements. Exports are also expected to increase, barring widespread conflicts.—*James R. Enix.*

Wheat

The wheat situation remains unsettled. Supplies before the start of the Korean war do not appear to be burdensome. The question which remains to be answered, however, is what additional demands may be expected as a result of the highly unsettled world condition. Wheat is a food product which is very adaptable not only to storage over fairly long periods of time, but which also may be used for livestock food or industrial use. It is a highly important product in wartime.

1950-51 WHEAT SUPPLIES.—The total supplies in 1950-51 are approximately 1,429 million bushels. This is made up of a production of 1,012 million bushels and a carryover from the previous crop year of 417 million bushels.

These supplies are considerably in excess of the expected domestic requirements for the United States this year. Domestic consumption will be approximately 725 million bushels, which will be in line with that used in recent years except during some of World War II years when a large amount was fed to livestock and an appreciable amount used for industrial purposes (Figure 1).

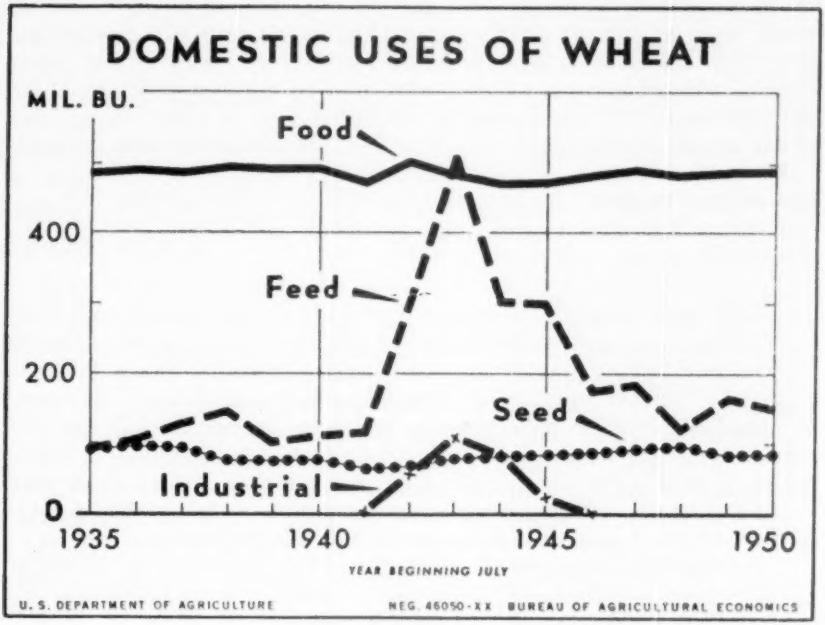

Fig. 1

Food consumption will account for a little less than 500 million bushels, used for seed around 85 million bushels and the remainder used for livestock feed. This is the pattern that remains relatively uniform over the years except for the added amounts for feed and industrial purposes during war periods as previously noted.

If 725 million bushels are used domestically, an estimated 704 million bushels will be available for other uses such as exports or as carryover into the 1951-52 crop year. There is an element of uncertainty as to how great these exports will be. The export quota of the United States under the International Wheat Agreement is approximately 228 million bushels. Whether total exports will be appreciably greater than this is difficult to tell. Perhaps they will be no more than 265 million bushels. This amount, however, can be greatly influenced by the war situation. If the uses are as indicated, approximately 439 million bushels will be carried over into the 1951-52 crop year—a carryover slightly greater than on July 1, 1950.

1951-52 Supplies.—There are several factors which indicate that wheat production will be relatively large again in 1951. First, the wheat acreage allotment of 72.8 million acres is large—the seeded acreage has

exceeded this figure only seven times in our history. Second, the national average support price on the 1951 wheat crop will not be less than $1.99 per bushel, and likely will be slightly higher if the parity price of wheat increases. Third, there will be no marketing quotas on the 1951 crop. If average yields should be secured from the allotted wheat acreage there would be a resulting production of approximately 1,150 million bushels. This, added to the prospective carryover of 439 million bushels, would give a total supply for the 1951-52 crop year of 1,589 million bushels—over twice that ordinarily used yearly in the United States.

Will such a production result? There is no answer now, but several factors operating, particularly in the Southwestern States, might cut the total figure. In the first place a lack of moisture has hurt wheat prospects. Wheat pastures in Oklahoma generally have been poor. Whether the cold weather of early December hurt the crops remains to be seen. In some areas competition from cotton will cut wheat acreages, principally as a result of favorable prices as contrasted with those for wheat, which are approximately at loan level. To the extent that these factors influence production this coming year, the price situation for wheat should be strengthened. Unless there is an exceptional demand for wheat, a demand not now foreseen, supplies of wheat should continue to be ample.—*Adlowe L. Larson.*

FEED

Feed prices are expected to average higher in 1951 than in 1950, but the extent will be limited by the large supplies on hand and the sizeable stocks of feed grains held under price support. In general, there are four factors present to support the prospect of higher prices: (1) Higher incomes to domestic consumers, which will be reflected back through higher prices of livestock products to increased demand for feeds; (2) increasing food requirements of our armed forces; (3) increasing production of livestock and livestock products; (4) and generally higher loans on 1950 feed grains.

On the other hand, the large carryover stocks of feed grains will aid in moderating the extent to which prices will advance during the first part of the coming year. In the last half of 1951, prospects for next year's feed crops will become a dominant factor influencing feed prices.

Reports from the Bureau of Agricultural Economics indicate that total supplies of feed concentrates, including grains and by-product feeds, are nearly equal to the record supply in 1949-50, and a third larger than just before the war. Feed grain supplies, including the record carryover from last year, are only slightly below the record

1949-50 supply, and will be fully adequate for domestic and export requirements in 1951.—*Ray V. Billingsley.*

LIVESTOCK AND LIVESTOCK PRODUCTS

Beef Cattle

The outlook for meat animals in 1951 will be highly influenced by the demand generated by our new military and international activities, according to the Bureau of Agricultural Economics.

Prior to the Korean War, trends in meat supplies were fairly clear. Meat production was increasing at a steady pace. Production was just about keeping up with population, and rates of consumption per person had been almost stable since early 1948, except for the usual seasonal variations. At the same time, livestock numbers were being built up following their decline during and after the war. After a three-year decline, cattle and calf numbers on farms nearly stabilized in 1948 and have been increasing since. The gain in 1949 was two million head, and this year it will be as large or larger.

Before the Korean War, the price picture matched these trends in numbers and production. In early 1950, all meat animal prices were still high by prewar standards; but they were lower than their 1948 highs, and further price adjustments were under way or in prospect.

The situation for the year ahead, however, is uncertain. Indications are that production of pork will increase; in addition, it is believed that more cattle will be slaughtered and more beef will be produced in 1951 than in 1950. It would be the first year in which an increased beef production would be realized from the current uptrend in cattle trends. Much of the beef supply is expected to come from grain-fed cattle, since feeding activity is likely to continue at the high level of the past two years.

The slaughter weight is always an important factor in meat production and can be especially important in a year of strong demand. Although hog weights might continue somewhat heavier in 1951 than in 1950, cattle weights, already heavy, can hardly be expected to go up much more. Cattle slaughtered under federal inspection in 1950 is expected to average the heaviest since 1922.

Military requirements for meat will be larger next year, but if the military expansion is no larger than announced so far the larger production in prospect will provide for the military needs, and allow a slightly larger civilian consumption as well.

Prices next year will be greatly affected by how much defense expenditures add to personal incomes as well as by any controls that might be in effect. The Bureau of Agricultural Economics feels that

increases in incomes now foreseeable point to moderately, but not sharply higher prices for meat animals for next year. The larger production of meat in prospect is, of course, a factor in this outlook for only moderate price gains. Each of the classes of meat animals might share in the higher price trend. The strength of demand for beef recently has been amply demonstrated, and some increase in cattle prices seems probable.

It is to be emphasized that these price indications apply only in the absence of a pronounced general commodity price inflation, which would carry meat animal prices up with it. These price indications also might not hold true if price controls were imposed. Minimum ceilings as defined in the Defense Production Act of 1950 are not greatly different from prices that have prevailed this fall. This means that any substantial rise in prices above current levels would put them in the range for possible control.—*Robert L. Tontz.*

Dairy

Historically, dairy product prices have changed much since the close of World War II.

Price ceilings were removed in the late summer of 1946. This was followed by a sharp rise in the fall and winter of 1946. Early in 1947 prices for butter and non-fat dry milk solids broke sharply, and some non-fat dry skim milk was purchased to stabilize the market. (See graph, page 179.) The year was "droughty" in many sections which resulted in short feed supplies and lower production in 1948. Prices rose to new heights in late 1947 under the impact of shorter supplies and increased exports. Rising consumer and storage demand resulted in record price levels to producers during the first half of 1948.

In 1948, dairy product prices began to move downward again, and continued through early 1949. The support program was announced in February, 1949, but prices did not begin to rise until June. Purchase operations have been carried on since.

Since the middle of 1950 there has been material strengthening of consumer demand. Milk production has been stable on a national basis. Exports have been the lowest since World War II. Large stocks of dairy products have accumulated in storage under these programs. Besides these stocks, there are heavier-than-normal supplies in private storage. Table II (page 180) shows government purchases, sales, and present stocks of important items as of October, 1950.

Sales of government stocks back to the trade have been heavy the past few weeks. With increased domestic demand and stabilized production the next few months, there should be increased opportunities to place more butter and cheese into commercial channels.

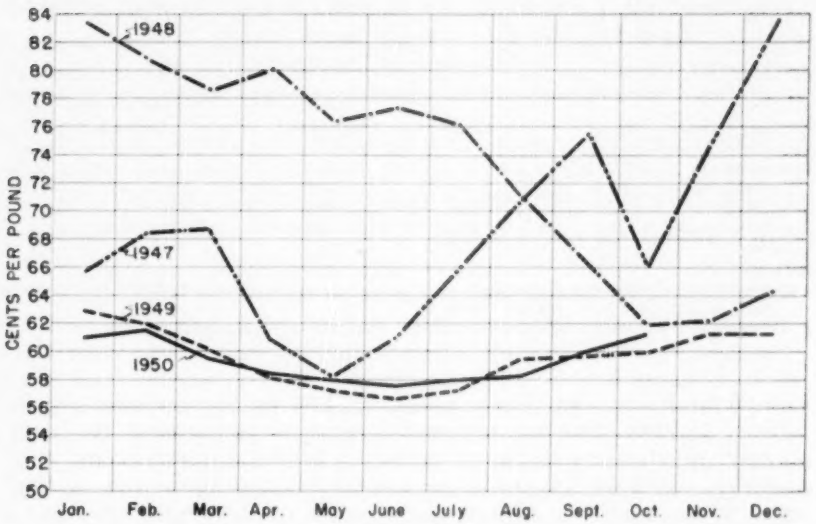

Fig. 2.—Average monthly price of butter at Chicago, 90 score, January, 1947-October, 1950. Average: 1947, 68.47; 1948, 73.30; and 1949, 59.83.

Present regulations permitting prospective purchasers to examine stocks of butter for sale "by lots" is expected to accelerate sales. Under this program, merchants may examine the storage lots from known processors from whom they have been buying stocks of known quality.

TRENDS IN MILK UTILIZATION.—With government purchases for export and for price support purposes, the per capita consumption of total milk is dropping to near record low levels.* Consumption shifts are away from butter and to more use of solids, non-fat. The shift to non-fat solids has resulted in an annual use of 50 pounds per capita during the past six years, while only 40 pounds were used during 1930, and 38 in 1940.

In 1951, farmers will sell a record quantity of milk for fluid purposes. This will result in increased returns, as average returns for 100 pounds of milk are greater than for the cream from that milk.

Increased production per cow has been noted recently. Important factors are (1) improved handling of dairy cattle, and (2) increased feeding of grain.

The number of dairy cows in the U. S. has been stable at about 22.7 million head for almost two years. The peak number was in 1944

* This trend should be temporary as dairy product prices usually can rise sumer income without the lowering of consumption.

increases in incomes now foreseeable point to moderately, but not sharply higher prices for meat animals for next year. The larger production of meat in prospect is, of course, a factor in this outlook for only moderate price gains. Each of the classes of meat animals might share in the higher price trend. The strength of demand for beef recently has been amply demonstrated, and some increase in cattle prices seems probable.

It is to be emphasized that these price indications apply only in the absence of a pronounced general commodity price inflation, which would carry meat animal prices up with it. These price indications also might not hold true if price controls were imposed. Minimum ceilings as defined in the Defense Production Act of 1950 are not greatly different from prices that have prevailed this fall. This means that any substantial rise in prices above current levels would put them in the range for possible control.—*Robert L. Tontz.*

Dairy

Historically, dairy product prices have changed much since the close of World War II.

Price ceilings were removed in the late summer of 1946. This was followed by a sharp rise in the fall and winter of 1946. Early in 1947 prices for butter and non-fat dry milk solids broke sharply, and some non-fat dry skim milk was purchased to stabilize the market. (See graph, page 179.) The year was "droughty" in many sections which resulted in short feed supplies and lower production in 1948. Prices rose to new heights in late 1947 under the impact of shorter supplies and increased exports. Rising consumer and storage demand resulted in record price levels to producers during the first half of 1948.

In 1948, dairy product prices began to move downward again, and continued through early 1949. The support program was announced in February, 1949, but prices did not begin to rise until June. Purchase operations have been carried on since.

Since the middle of 1950 there has been material strengthening of consumer demand. Milk production has been stable on a national basis. Exports have been the lowest since World War II. Large stocks of dairy products have accumulated in storage under these programs. Besides these stocks, there are heavier-than-normal supplies in private storage. Table II (page 180) shows government purchases, sales, and present stocks of important items as of October, 1950.

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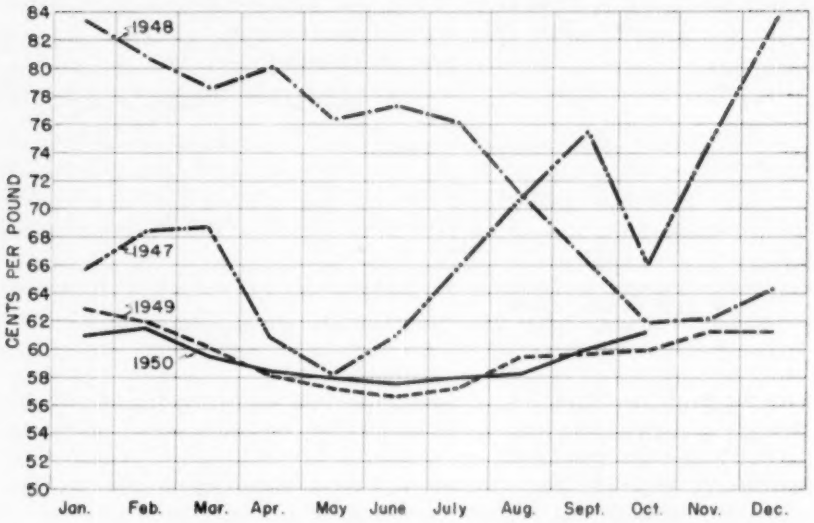

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* This trend should be temporary as dairy product prices usually can rise with increased consumer income without the lowering of consumption.

TABLE II.—U.S.D.A. PURCHASES, SALES, AND PRESENT HOLDINGS OF DAIRY PRODUCTS FOR 1949 AND UP TO OCTOBER 1, 1950, IN MILLIONS OF POUNDS.*

Year	Butter	Cheese	Non-Fat Dry Solids	Percent of Total U.S. Production	
Purchases					
1949	114	40	442	2.2	4.0
1950	128	106	346	3.0	3.0
Total Purchases	242	146	788		
Sales**	69	46	351		
Balance	173	100	437		

* U.S.D.A. Dairy Outlook, October, 1950.

** Withdrawals for relief, export, school lunch, and sales to commercial handlers.

with 25.8 million head. Three conditions now favor expansion: (1) On January 1, 1950, there was a record number of young stock on farms; (2) feed supplies are ample to maintain livestock numbers and milk production in 1951; (3) consumer income is expected to rise in 1951, which is favorable for higher consumption of dairy products, and a moderate rise in price to producers.

DEFENSE PRODUCTION ACT OF 1950.—Under this act, ceiling prices may be imposed upon agricultural commodities. This act indicates no ceiling shall be established below (1) the higher of the parity price, nor (2) the highest price received by producers during the period from May 24, 1950 to June 24, 1950. The dairy products parity prices, rather than the May 24 to June 24 levels, will determine the minimum levels at which ceilings may be established.

SUMMARY.—With increased defense activity and higher consumer income in 1951, dairymen are expected to have a good year if they (1) supply the market with high quality products, and (2) are located within trucking distance of excellent manufacturing and processing plants. Consumer incomes are expected to be high, and this usually is accompanied by high incomes to producers of dairy products. In some areas like Oklahoma, the competition from the production of beef may retard the reaching of the national average increase needed for dairy products.

Milk is an essential war food material and should be so considered in planning the 1951 program on farms. The U. S. Department of Agriculture reports indicate that demand and price will be higher in 1951 than in 1950.—*A. W. Jacob.*

Hogs

Hog production is expected to increase in 1951. Increased consumer incomes strengthening demand for meat, expected favorable prices for meat and meat animals, and a favorable feeding ratio will be largely responsible.

Prospects indicate that the 1951 spring pig crop may be about 5 percent greater than in 1950. The combined spring and fall crops may exceed 100 million head. This would be the largest crop since the close of World War II.

It had appeared earlier that hog production might level off during the coming year. Hog numbers have increased rapidly from their post-war low, slaughter weights have nearly returned to prewar averages and prices have been reduced substantially.

Extent that prices go up depends on the effect of military expenditures on the national economy. Assuming no serious inflation, prices of meat and meat animals may rise only moderately, because larger meat production in prospect would be a restraining influence.* Prices for hogs may rise moderately above their 1950 levels. The increase should be greatest during the early months since during those months in 1950 prices were comparatively low. The margin in the latter part of the year should tend to be smaller, unless demand should continue on a steady upward course and no price controls are invoked.

Feed prices also are expected to be generally higher during the coming year. Consequently, very little change in feeding ratios is anticipated. The hog-corn ratio during 1949-50 averaged about 14.1, based on farm prices, and probably will average close to this level during 1950-51. The long-time average is about 12.0.**

The average slaughter weights of hogs are expected to be heavier next year if consumer incomes rise and strengthen demand for meat. A favorable feeding ratio and continuation of favorable prices would encourage producers to feed to heavier weights.

With an increase in market receipts since late August, hog prices have decreased seasonally. The rate of decline this fall has been about the same as that of the last two years. Hog prices may reach a low in December, and a seasonal increase may be expected around the first of the year.

Hog slaughter this fall and winter will be larger than a year earlier, because the 1950 spring pig crop was larger than in 1949. In October and November, the slaughter weight of hogs was 4 pounds heavier than for the same period last year. Although slaughter weights and marketings are larger, hog prices are likely to remain above those of last year in view of a stronger demand for meat.—*Howard S. Whitney.*

Poultry

CHICKENS.—Prices received for chickens have averaged lower

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* *Livestock and Feed Situation*, USDA, October, 1950.
** *Feed Situation*, October, 1950, page 19.

in 1950 than in 1949, but the decrease has not been so marked as that of eggs. Prices received by Oklahoma farmers for the first 11 months of 1950 averaged 4.2 cents under the same period of 1949. Prices received for broilers generally have been satisfactory, and a continued expansion appears probable. A 20 percent annual increase has been rather usual during recent years for the U. S. as a whole.

Liquidation of laying flocks would add to the supply of poultry-meat available. Farm production of other young chickens probably will decrease slightly, but total supplies of chicken meat probably will be near the 1950 level. Chickens are not expected to share in the price increases to the same extent as do most other farm products. Even if higher prices do develop for chickens, the increasing costs of labor, feed and equipment will work to reduce this gain.

EGGS.—Total egg production for the U. S. during the first 10 months of 1950 was about 7 percent above 1949 and about 15 percent greater than average. This came from a larger number of layers on farms laying at a higher rate.

Per capita consumption of eggs this year is expected to be about 384. This represents an increase of less than two percent over 1949 while prices were about 20 percent lower, and consumer incomes were up slightly over 1949. Record consumption was 397 eggs per person in 1945. The pre-war average was 298 eggs. During the first half of 1950, the government bought 7 percent of the farm output of eggs for price support. Movement into storage of shell eggs amounted to 3½ million cases this year, two million in 1949 and 5½ million in 1948.

Early in December egg prices shot upward to unexpected levels. At the time of this writing (Dec. 13), the exact causes for this rise have not been clearly determined. However, it appears to have resulted from reduced storage stocks, increased demand and adverse weather conditions over much of the producing area which acted to reduce production and to retard delivery. The extent that shortages have resulted from liquidation of flocks by producers who had become discouraged by the price situation has not been determined, although this would appear to be a rather minor matter.

Egg prices during 1950 generally have been unsatisfactory even though the government support program was in operation. Oklahoma producers received prices in October of 9.5 cents under October, 1949. November quotations were 5.6 under a year earlier. The egg-feed ratio in Oklahoma was 11.9 in November this year, which compares unfavorably with 14.2 a year ago.

The outlook for 1951 indicates that egg production during the first half of the year may be almost as high as during the corresponding period of 1950. This is assuming a flock of potential layers on

TABLE III.—Egg prices Received by Oklahoma Farmers, January 1942 to November 15, 1950.
(Cents per dozen)

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	30.2	24.8	25.0	24.4	25.7	27.0	27.0	27.5	29.4	31.4	33.2	34.7	28.4
1943	35.4	33.3	32.9	32.4	32.9	33.3	32.6	32.6	34.3	37.5	39.0	39.6	34.6
1944	32.4	31.6	29.7	26.0	26.7	27.0	28.0	28.5	29.9	32.6	38.6	41.1	31.0
1945	37.5	31.2	30.7	30.8	30.5	31.1	32.3	33.5	30.0	35.0	44.7	45.5	34.4
1946	37.5	29.4	30.1	29.7	30.0	30.0	32.0	32.0	40.0	44.0	41.0	43.0	34.9
1947	38.1	35.1	36.0	37.5	36.5	36.7	38.3	37.4	43.6	47.8	47.7	57.6	41.0
1948	44.3	39.7	38.3	38.3	35.4	36.4	37.0	38.0	41.7	46.0	52.0	53.0	41.6
1949	43.0	40.5	37.9	38.3	38.4	36.7	36.5	38.4	42.4	46.0	46.1	40.9	40.4
1950	28.4	27.6	27.8	26.3	26.1	25.9	26.4	29.4	32.9	36.5	40.5		

SOURCE: "Prices Received by Farmers," Mid-Monthly Release, Agricultural Statistics Division, B.A.E., U.S.D.A., Oklahoma City, Oklahoma

TABLE IV.—Chicken Prices Received by Oklahoma Farmers, January 1942 to November 15, 1950.
(Cents per pound)

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	14.8	15.3	15.8	16.1	16.8	16.8	15.9	16.7	17.9	17.8	17.2	17.7	16.6
1943	19.0	19.8	20.7	22.1	22.1	22.6	22.3	21.7	22.0	22.3	22.5	21.9	21.6
1944	21.9	22.2	22.2	21.4	21.5	21.8	21.8	21.4	22.0	21.4	21.4	22.1	21.8
1945	21.8	22.1	22.5	23.2	24.0	24.7	24.9	25.8	22.8	21.8	20.9	21.4	23.0
1946	21.6	21.6	21.7	22.4	23.5	23.4	25.5	23.4	24.0	27.0	21.9	22.4	23.2
1947	22.4	21.2	23.0	23.8	23.5	22.2	22.0	22.0	22.5	23.4	22.1	21.6	22.5
1948	22.2	22.4	23.0	24.0	24.0	26.0	28.2	25.7	27.0	26.4	25.8	28.0	25.9
1949	27.0	27.0	26.2	28.1	24.8	21.6	20.0	20.4	20.6	19.8	19.9	19.7	22.9
1950	17.3	18.2	19.5	19.3	18.4	18.4	18.4	20.8	19.6	19.2	19.5		

SOURCE: "Prices Received by Farmers," Mid-Monthly Release, Agricultural Statistics Division, B.A.E., U.S.D.A., Oklahoma City, Oklahoma

TABLE V.—Poultry Ration Cost Per 100 Pounds, to Oklahoma Farmers, January 1942 to November 15, 1950.
(Dollars)

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	2.01	2.07	2.13	2.12	2.11	2.11	2.10	2.17	2.16	2.14	2.16	2.20	2.12
1943	2.37	2.39	2.45	2.53	2.60	2.63	2.71	2.77	2.75	2.77	2.82	2.86	2.64
1944	2.91	2.92	2.92	2.95	2.96	2.91	2.88	2.87	2.78	2.71	2.71	2.69	2.85
1945	2.72	2.73	2.76	2.79	2.78	2.80	2.84	2.86	2.85	2.89	2.91	2.94	2.82
1946	2.96	3.02	3.10	3.11	3.35	3.49	3.84	3.81	3.63	3.58	3.63	3.47	3.42
1947	3.39	3.42	3.77	3.85	3.85	3.81	3.94	4.08	4.35	4.42	4.53	4.76	4.01
1948	4.92	4.36	4.47	4.56	4.48	4.34	4.17	3.77	3.51	3.43	3.45	3.53	4.08
1949	3.52	3.41	3.45	3.52	3.45	3.29	3.33	3.32	3.29	3.27	3.25	3.30	3.37
1950	3.29	3.29	3.34	3.45	3.53	3.45	3.53	3.56	3.44	3.34	3.39		

TABLE VI.— Egg-Feed Price Ratios, Oklahoma.*
(Pounds of poultry ration** equal in value to one dozen eggs)

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	10.0	12.0	11.7	11.5	12.2	12.8	12.9	12.7	13.6	14.7	15.4	15.8	12.9
1943	14.9	13.9	13.4	12.8	12.7	12.7	12.0	11.8	12.5	13.5	13.8	13.8	13.2
1944	11.1	10.8	10.2	8.8	9.0	9.3	9.7	9.9	10.8	12.0	14.2	15.3	10.9
1945	13.8	11.4	11.1	11.0	11.0	11.1	11.4	11.7	10.5	12.1	15.4	15.5	12.2
1946	12.7	9.7	9.7	9.5	9.0	8.6	8.3	8.4	11.0	12.3	11.3	12.4	10.2
1947	11.2	10.3	9.5	9.7	9.5	9.6	9.7	9.2	10.0	10.8	10.5	12.1	10.2
1948	9.0	9.1	8.6	8.4	7.9	8.4	8.9	10.1	11.9	13.4	15.1	15.0	10.0
1949	12.2	11.9	11.0	10.9	11.1	11.2	11.0	11.6	12.9	14.1	14.2	12.4	12.0
1950	8.6	8.4	8.3	7.6	7.4	7.5	7.5	8.3	9.6	10.9	11.9		

SOURCE: "Prices Received by Farmers," Mid-Monthly Release, Agricultural Statistics Division, B.A.E., U.S.D.A., Oklahoma City, Oklahoma

* These ratios are not indicative of and must never be interpreted as "cost of production." They include only cost of feed, and all other costs of production are in addition.

** Poultry feed ration: percentages of specified feeds include commercial mash, 32.7 percent; home mixed mash, 11.2; commercial scratch, 4.0; corn, 14.0; wheat, 16.3; oats, 9.9; barley, 1.3; sorghum grain, 10.5 percent. Individual producers' ration cost may be more or less than the above stated costs as estimated by the Bureau of Agricultural Economics. In case poultry-ration cost and egg prices for producers in any community differ from those shown in Table V and Table III respectively, the actual ratios can be calculated by taking feed cost and dividing by actual egg prices per dozen.

January 1, 1951 almost as large as in 1950. This assumption appears quite realistic as potential layers (hens and pullets of laying age plus pullets not of laying age) on November 1 this year were reported to be only 2 percent under the number on farms a year earlier. Should this number hold up into 1951, and should the rate of lay continue to improve as during past years, the above estimate appears reasonable.

The announcement of November 22 that there would be no egg price support program in 1951 will have a tendency to discourage many producers, and probably will cause heavier and more frequent culling if not the elimination of many flocks. Feed prices and consumer incomes are expected to increase in 1951. However, since consumption last year made only a faint response (up 2 percent) to a 20 percent reduction in price, it appears that without a support program in 1951 egg prices will not move up as fast as prices of other farm products. At expected production levels, it may be difficult to clear the market in the first half of 1951 with prices as high as those for the early part of 1950. There appears to be little chance that the egg-feed ratio will improve over that of 1950.

Producers' experience during the first half of 1951 will determine their production plans for the last half of the year. Unsatisfactory returns from egg production would encourage the elimination of many layers and would cause a decrease in the growing of replacements. Thus producers' earnings during the next few months will determine egg production during the last half of 1951 and influence layer numbers available in 1952.

A short supply and higher costs of labor, supplies and materials will also have a tendency to reduce hen numbers.

TURKEYS.—Returns this year will exert a great deal of influence on turkey production in 1951. Production this year, 45 million according to preliminary estimates, is 3 million above 1949 and an all-time record, being one million above the previous record set in 1945.

In years past, the turkey-feed price ratio for one year was reflected in turkey numbers in the following year. A favorable ratio generally called forth greater production, and an unfavorable ratio was frequently followed by lower numbers. This year the turkey-feed price ratio of 10.2 has decreased from 13.1 for 1949. This is a decrease of 22 percent. Increased consumer income increases the demand for turkeys, but this year's output must be marketed without the price supporting program which was helpful last year. Should this year's production be marketed without difficulty, a large output could be expected next year. Should difficulty develop, lower production in 1951 would appear probable.

It is reported that a shift in areas of production is under way from the Pacific Northwest to the Central States.—*E. A. Tucker.*

Sheep, Lambs and Wool

SHEEP AND LAMBS.—The price of sheep and lambs remains strong and quite favorable relative to prices of other meat animals. The average price of $29.48 per 100 pounds for wooled good and choice slaughter lambs at Chicago for the week ended November 11 was higher than any previous November price on record. Prices for mature sheep have been even stronger, with a Chicago price of $15.50 for the week ending November 18, setting a 30-year high.

However, there is nothing to indicate that high prices for lambs will continue next year. The slaughter of sheep and lambs has been low for this period, with current receipts mostly for lambs and yearlings. In October, only 11 percent were for mature sheep. The low in combined sheep and lambs slaughter can best be explained by the decline in mature sheep slaughter, and the substantial proportion of lambs that are being retained for breeding and feeding purposes.

After the first of the year, slaughter should follow the seasonal pattern of decline to a low point around April. The slaughter will be comprised mostly of lambs from feed lots and wheat pastures.

WOOL.—Consumer demand for wool in the coming year should remain strong, with considerable increases in military consumption evident and necessary. As a result of these factors, an increase in world demand for wool is expected. This increased demand, relative to the world supply, should mean higher average prices to domestic growers for shorn wool.

Wool stocks have been reduced because of an estimated 15-20 percent excess of consumption over production during the season ending June 30, 1950. Estimated production during the current season is expected to increase only 75 million pounds over the past season.

Mill consumption in the United States will increase next year even with the expected higher level of wool prices. This will be due to increased military consumption and the expected rise in consumer income.—*Lanny W. D. Gallup.*

Social Security For Farm Workers

With the recent changes in the social security law approximately 10,000 farm workers in Oklahoma will be covered by social security for the first time. This is of importance to the farm operator because he will be required to make payments into the federal social security fund for his hired man after January 1, 1950.

The changes in the social security laws extend the coverage under the law to about 800,000 farm workers. It is estimated that at least 10,000 farm laborers in Oklahoma will be included in this number.

This figure is based on the reported 10,032 hired workers on farms in Oklahoma in January, 1945. It is believed that this number represents the year-around hired men in the state for there are few seasonal workers in Oklahoma agriculture in January, and no great changes in the employment picture are known to have occurred in Oklahoma agriculture since 1945.

The purpose of the social security law is to provide an income in old age for the retired worker. If all workers were covered by social security, there would be practically no need for old age pensions financed through tax funds. The recent revisions in the social security act leave farm operators as the most numerous block of workers not included under any plan to provide income after retirement other than tax-supported old age assistance.

The question arises as to who furnishes the funds from which the farm worker will be paid in his old age. The answer is both the employer (the farm operator) and the employee (the farm worker). Each pay day the farmer will deduct one and one-half percent from the worker's cash wages and add the same amount from his own pocket. At the end of each calendar quarter, the employer must send this money to the collector of internal revenue. Along with the money, he will send a quarterly report (which can be secured from the collector of internal revenue) that gives the name and social security number of each worker and the wages paid to each. Therefore it will be necessary for the farm operator to keep a record of the amount paid to each worker, along with his name and social security number.

It is not necessary for farmers to report on every individual working for them. For example unpaid members of the farmer's family are not covered by the law. To get a better idea of just who is covered under the new social security law, the following summary of the law regarding social security for farm workers is presented:

> Regularly employed farm workers are covered if they work for one employer at least 60 days in a calendar quarter and get at least $50 *in cash* in that period. The farm worker must first work continuously for the employer throughout a calendar quarter, then he will be regularly employed if he works, in that quarter, at least 60 days. He will continue to be regularly employed until the end of the quarter in which he does not work for 60 days. Domestic servants on a farm operated for profit are covered the same as regular farm workers.

The following will help a farm operator check to see if those working on his farm are covered by the new law. A farm worker is covered if he meets each of the following conditions:

1. He must be employed continuously by one farm operator for a period of three calendar months beginning on one of these dates: the first of January, April, July, or October. After this qualifying period,

he is covered each three month period that he works for the same employer for at least sixty days and earns at least $50.

If the farm worker quits his job and goes to work for another farmer, he must again serve the three-month qualifying period before he is covered by the social security program.

Many farm workers in Oklahoma will have served this qualifying period the last three months of 1950, and the first quarter of coverage for them starts January 1, 1951.

2. He must work at least 60 days each calendar quarter and earn cash wages of at least $50 for the three-month period. No allowance need be made for the value of room, board, or anything else given the person for working except cash.

3. Women, too, are considered as farm workers if they are employed on the farm and meet the above conditions. This includes the "hired girl" who helps around the house or anyone else working on the farm, even though they do not help with the farming.

If there is someone working on the farm who meets the foregoing conditions, he is covered by social security, and the person for whom he works should do the following things:

1. Make sure the farm worker has registered for social security and received a social security card. Copy down the number from this card with the worker's name to send in with the quarterly report to the collector of internal revenue at the end of each calendar quarter.

2. Every pay day deduct one and one-half percent from the worker's pay. The farm operator adds the same amount from his pocket.

3. At the end of each calendar quarter send in a report to the collector of internal revenue on every covered worker. Quarterly report blanks can be obtained from the collector of internal revenue. On the report the farm operator will give the social security number and name of each worker. Along with the report, the farm operator will send the one and one-half percent he withheld from the worker's wages plus his own contribution of the same amount. So the check the farm operator sends in will be equal to three percent of each worker's wages.

For the questions which arise regarding the new law, it is suggested that farmers contact a federal collector of internal revenue or one of the branch offices of social security. In Oklahoma there are social security offices in Ardmore, Enid, Lawton, McAlester, Muskogee, Oklahoma City, and Tulsa.—*John C. Belcher.*

Prices Received by Farmers, Price Indexes, and Indexes of Purchasing Power of Oklahoma Farm Products
(1910-1914=100)

	Prices					Price Indexes					Purchasing Power Indexes [1]				
	1949	1950				1949	1950				1949	1950			
	Nov.	Aug.	Sept.	Oct.	Nov.	Nov.	Aug.	Sept.	Oct.	Nov.	Nov.	Aug.	Sept.	Oct.	Nov.
	(Dollars)					(Percent)					(Percent)				
Grain						211	227	223	220	222	84	86	85[2]	82	82
Wheat (bu.)	1.93	2.01	2.01	2.00	2.01	224	234	234	233	234	89	89	87[2]	87	86
Corn (bu.)	1.10	1.42	1.25	1.17	1.22	169	218	192	180	188	67	83	72	67	69
Oats (bu.)	.75	.80	.83	.83	.84	167	178	184	184	187	67	68	69	68	69
Barley (bu.)	1.08	1.19	1.20	1.20	1.20	183	202	203	203	203	73	77	76[2]	75	75
Rye (bu.)	1.20	1.30	1.40	1.45	1.40	140	152	163	169	163	56	58	61[2]	63	60
Grain Sorghums (bu.)	.97	1.15	1.01	.90	.95	143	169	148	132	140	57	64	55[2]	49	52
Cotton and Cottonseed						232	287	336	335	362	92	109	125[2]	125	134
Cottonlint (lb.)	.264	.325	.375	.367	.392	234	288	332	325	347	93	110	124[2]	121	128
Cottonseed (ton)	42.00	56.00	72.00	82.00	97.00	215	286	368	419	496	86	109	137[2]	156	183
Miscellaneous Crops						175	166	168	167	173	70	63	63	62	64
Potatoes, white (bu.)	1.60	1.55	1.65	1.55	1.55	144	140	149	140	140	57	53	56	52	52
Potatoes, sweet (bu.)	2.15	2.25	2.10	2.10	1.95	175	183	171	171	159	70	70	64	64	59
Hay, all loose (ton)	16.90	15.40	15.60	15.90	17.20	192	175	177	180	195	76	67	66[2]	67	72
Total Crops						223	262	290	289	307	89	100	108[2]	107	113
Meat Animals						337	432	436	415	420	134	164	163[2]	154	155
Cattle (cwt.)	18.50	23.00	23.40	22.90	23.30	383	476	484	474	482	153	181	181[2]	176	178
Calves (cwt.)	20.00	26.00	26.70	25.70	26.50	335	436	447	430	444	133	166	167[2]	160	164
Sheep (cwt.)	8.50	9.50	11.00	11.80	12.40	184	205	238	254	268	73	78	89[2]	94	99
Lambs (cwt.)	21.50	25.50	25.90	25.90	27.00	369	437	444	444	463	147	166	166[2]	165	171
Hogs (cwt.)	15.90	22.80	22.30	18.90	18.30	226	324	317	268	260	90	123	118[2]	100	96

PRICES AND INDEXES, *Con't.*

	Prices					Price Indexes					Purchasing Power Indexes [1]				
	1949	1950				1949	1950				1949	1950			
	Nov.	Aug.	Sept.	Oct.	Nov.	Nov.	Aug.	Sept.	Oct.	Nov.	Nov.	Aug.	Sept.	Oct.	Nov.
	(Dollars)					(Percent)					(Percent)				
Dairy Products						237	223	234[2]	240	244	94	85	87	89	90
Milk, wholesale (cwt.)	4.40	3.80	4.35[2]	4.55	4.60	228	197	225[2]	236	238	91	75	84[2]	88	88
Butter (lb.)	.63	.63	.63	.64	.64	281	281	281	286	286	112	107	105[2]	106	106
Butterfat (lb.)	.55	.53	.54	.55	.56	235	226	231	235	239	94	86	86[2]	87	88
Chickens and Eggs						246	180	191	205	222	98	68	71[2]	76	82
Chickens (lb.)	.199	.208	.196	.192	.195	212	221	208	204	207	84	84	78	76	76
Eggs (doz.)	.461	.294	.329	.365	.405	259	165	185	205	228	103	63	69[2]	76	84
Total livestock and Livestock Products						300	342	349[2]	340	346	120	130	130[2]	126	128
All Commodities						246	286	308	304	318	98	109	115[2]	113	117

SOURCE: Compiled by Dept. Agri. Econ., Oklahoma A. and M. College, from data supplied by Bureau of Agricultural Economics, U.S.D.A., Oklahoma City, Oklahoma, and Washington, D. C.

For previous years, see Oklahoma Agri. Exp. Sta. Bull. 238, *Oklahoma Farm Price Statistics, and Current Farm Economics*, Okla. Expt. Sta. Series 49, Vol. 13, Nos. 1 and 2, Feb.-Apr., 1940. Tables 16-19, and subsequent issues.

[1] The ratio of prices received by farmers to prices paid by farmers for commodities used in living and production.

[2] Revised.

—Joyce Van Den Broeder.

Price Indexes in the United States and Oklahoma and Indicators of Changes in Domestic Demand.

Year and Month	PRICE INDEXES Average 1910-14=100					INDICATORS OF CHANGES IN DOMESTIC DEMAND	
	Index of Prices Received by Farmers		Index of Prices Paid by Farmers United States	All-Commodity Index of Wholesale Prices United States	Oklahoma Hog-Corn Price Ratio[2]	Index of Demand Deposits Oklahoma[3] [4] 1923-25=100	Index of Factory Payrolls[5] 1939=100
	Oklahoma[1]	United States					
1925	164	156	157	151	11.05	106.5	
1926	134	145	155	146	16.44	102.0	
1927	134	139	153	139	14.54	100.5	
1928	151	149	155	141	10.72	100.3	
1929	145	146	153	139	10.65	92.3	
1930	112	126	145	126	11.04	77.4	
1931	71	87	114	107	14.30	60.6	
1932	51	65	98	95	14.59	47.3	
1933	65	70	99	96	7.36	44.9	
1934	90	90	112	109	4.73	53.3	
1935	107	108	117	117	10.35	60.8	
1936	109	114	116	118	9.33	74.6	
1937	111	121	123	126	11.36	82.1	
1938	82	95	116	115	15.64	84.9	
1939	84	93	121	113	11.33	89.4	
1940	92	98	123	114	8.61	92.0	113.6
1941	117	122	130	127	13.77	86.6	164.9
1942	152	157	152	144	14.35	107.4	241.5
1943	172	188	167	150	11.69	162.3	331.1
1944	181	195	176	152	10.56	215.9	343.7
1945	184	202	181	154	11.95	285.3	293.5
1946	226	233	203	177	11.56	335.3	271.1
1947	286	278	246	222	13.34	348.5	326.9
1948	293	287	264	241	12.69	353.3	351.4
1949	257	251	253	226	15.00	347.4	----
1950 Jan.	241	235	250	220	12.56	356.6	329.2[6]
Feb.	246	237	250	223	13.22	353.6	330.0[6]
Mar.	252	237	251	223	12.83	353.6	333.5
Apr.	258	241	254	223	11.82	349.6	337.2[6]
May	263	247	258	228	12.93	344.7	348.0[6]
June	265	247	260	229	13.36	346.0	362.7[6]
July	281	263	261	238	15.75	350.0	367.5
Aug.	286	267	263	243	16.06	345.0	393.9
Sept.	308	272	268[6]	247	17.84	339.7	403.6
Oct.	304	268	269	247[6]	16.15	341.2	----
Nov.	281	276	271	250	15.00	----	----

SOURCES: Indexes of Oklahoma prices received by farmers, computed by Dept. Agri. Econ., Okla. Agri. Exp. Sta., Stillwater, Oklahoma. Indexes of U. S. prices received and prices paid by farmers and indexes of U. S. wholesale prices, from *Agricultural Prices*, Bur. of Agri. Econ., U.S.D.A., Washington, D. C. Indexes of demand deposits in Oklahoma, calculated by Dept. Agri. Econ., Okla. Agri. Exp. Sta., from data furnished by Federal Reserve Board, Washington, D. C. Indexes of factory payrolls, from U. S. Department of Labor, Bureau of Labor Statistics, Washington, D. C.

[1] Prices received by Oklahoma farmers for 21 commodities. For data prior to 1925 see Okla. Agri. Exp. Sta. Bul. No. 238.

[2] These figures indicate the number of bushels of corn that could be purchased with 100 pounds of live hogs at current Oklahoma prices received by farmers.

[3] Demand deposits of Oklahoma member banks of the Federal Reserve System located in places under 15,000 population.

[4] Index numbers based on net demand deposits prior to 1936 and upon gross demand deposits since that date. For a discussion of this index see CURRENT FARM ECONOMICS, Oklahoma Agricultural Experiment Station Series 49, Vol. 13, Nos. 1 and 2. Feb.-Apr. 1949. p. 41.

[5] Unadjusted for seasonal variation.

[6] Revised.

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